

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 NEA-10 IO-11 ISO-00 AGR-05 COME-00

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FM AMEMBASSY KUWAIT

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INFO AMEMBASSY ABU DHABI

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ROME FOR FODAG

DEPT PASS COMMERCE AND USDA

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TAGS: EID, EINV, EAGR, EAGB, ELAB, UNDP XF, SU

SUBJECT: ARAB FUND/SUDAN AGRICULTURE PROGRAM

REF: 74 KUWAIT 5447,

SUMMARY: PREPARATORY WORK CONTINUING ON \$8 BILLION ARAB FUND/SUDAN AGRICULTURE PROGRAM. WE HAVE LEARNED GOS COUNCIL OF MINISTERS HAS JUST GIVEN GREEN LIGHT TO PROCEED WITH NEXT PHASE OF PROJECT WHICH IS TO CREATE LEGAL FRAMEWORK WHEREBY INDEPENDENT "COMMISSION" WILL BE ESTABLISHED TO OVERSEE PLANNING AND IMPLEMENTATION OF SUDAN AGRICULTURAL PROGRAM. ARAB FUND, APPARENTLY WITH FULL CONCURRENCE OF GOS, IS LIMITED OFFICIAL USE

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DEFINING SCOPE OF PROGRAM IN BROADEST POSSIBLE TERMS SO THAT

OVER NEXT TEN YEARS OR SO NOT ONLY WILL AGRICULTURE ITSELF BE AFFECTED BUT SO WILL RELATED INFRASTRUCTURE AND INSTITUTIONAL DEVELOPMENT IN SUDAN. PROGRAM COULD HAVE IMPORTANT INFLUENCE ON LABOR PATTERNS WITHIN SUDAN AND AMONG NEIGHBORING COUNTRIES. ITS LARGE SCOPE AND NECESSITY FOR PARTICIPATION OF FOREIGN COMPANIES, GOVERNMENT AND INTERNATIONAL AGENCIES AND INSTITUTION CAN BE EXPECTED TO DRAW ATTENTION TO PROGRAM FROM INTERNATIONAL AGRICULTURAL AND AGRIBUSINESS COMMUNITIES. END SUMMARY.

1. REFTEL WHICH WAS PREPARED THIRTEEN MONTHS AGO REPORTED ON THEN NEW PLAN OF ARAB FUND TO COOPERATE WITH GOS IN MAJOR, LONG RANGE PROGRAM TO DEVELOP SUDANESE AGRICULTURE. IN PAST YEAR BASIC PREPARATORY WORK HAS BEEN UNDERWAY, AND ACCORDING TO AUTHORITATIVE SOURCE AT ARAB FUND HEADQUARTERS HERE, GOS HAS JUST GIVEN FUND AUTHORITY TO PROCEED WITH NEXT PHASE OF PREPARATIONS.

2. AS REPORTED IN SOMEWHAT MORE DETAIL (SEPTTEL) ARAB FUND, LARGELY AS A RESULT OF CS 3/03483,CE WITH SUDAN PROJECT, IS IN EARLY STAGES OF PREPARING TREATY WHICH IF AGREED TO BY ARAB STATES WILL RESULT IN CREATION OF AN INTER-ARAB AUTHORITY FOR AGRICULTURAL DEVELOPMENT AND INVESTMENT (IAAADI). UNDER IAAADI THERE WILL BE INDEPENDENT "COMMISSIONS" IN EACH COUNTRY WHERE SUDAN-TYPE AGRICULTURAL PROGRAM IS TO BE IMPLEMENTED. WITH RESPECT TO SUDAN, THEREFORE, MCEXT STEP IS TO CREATE

LEGAL ENTITIES UNDER WHICH COMMISSION CAN OPERATE.

3. ACCORDING TO ARAB FUND SOURCE SUDAN PROGRAM IS EXPECTED TO TAKE AT LEAST TEN YEARS TO IMPLEMENT AND TO COST ON ORDER OF \$8 BILLION. DISCUSSIONS BETWEEN ARAB FUND AND GOS OFFICIALS ON TECHNICAL, LEGAL AND FINANCIAL ASPECTS HAVE TAKEN PLACE, AND WE UNDERSTAND THAT BOTH SIDES ARE IN AGREEMENT AND WORKING WELL TOGETHER. ARAB FUND SOURCE SAID PROGRAM WILL BE DIVIDED INTO DEVELOPMENT OF FOLLOWING MAJOR ELEMENTS: (A) AGRICULTURE: CROPS, INCLUDING BUT WITH LESS EMPHASIS ON COTTON, LIVESTOCK AND FISHERIES AND AGRIBUSINESS; (B) INFRASTRUCTURE: TRANSPORTATION INCLUDING PORT DEVELOPMENT, WATER/POWER, SUPPLEMENTAL SERVICES INCLUDING STORAGE; (C) INSTITUTIONAL: AGRICULTURAL EXTENSION, EDUCATION AND RESEARCH LIMITED OFFICIAL USE

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AND FINANCIAL.

4. OVER PERIOD OF PROGRAM IMPLEMENTATION, FIRST STEP WILL BE TO COMMISSION 30-35 SEPARATE CONSULTING GROUPS TO ELABORATE AND DEVELOP THE BASIC IDEAS ESTABLISHED BY ARAB FUND/GOS. NEXT STAGE WILL BE TO CALL IN ABOUT AS MANY GROUPS TO EXECUTE IDEAS AND TO BUILD VARIOUS FACILITIES. FINALLY THE INDIVIDUAL PROJECTS, COMPANIES AND ACTIVITIES WILL HAVE TO BE MANAGED.

ARAB FUND HOPES THAT AS MUCH AS 50 PERCENT OF INVESTMENT CAN BE GENERATED IN PRIVATE SECTOR BY COMPANIES THAT WILL BE DRAWN TO PARTICIPATE IN PROGRAM. REMAINDER OF FUNDS WILL COME FROM TRADITIONAL DEVELOPMENT AID AND INVESTMENT SOURCES.

5. ARAB FUND SOURCE OBSERVED THAT PROGRAM OF THIS MAGNITUDE COULD HAVE IMPORTANT AFFECTS ON LABOR PATTERNS WITHIN SUDAN. HE DESCRIBED SUDANESE AS MOBILE, AND HE SAID THAT IN GENERAL THERE SHOULD BE SUFFICIENT UNSKILLED LABOR AVAILABLE, ALTHOUGH APPARENTLY SOME WOULD BE FROM NEARBY AFRICAN COUNTRIES. APPARENTLY, HE THOUGHT IT UNLIKELY THAT SIGNIFICANT NUMBERS OF EGYPTIANS WOULD BE ALLOWED BY GOS TO BE BROUGHT IN. SOURCE ADMITTED THAT THERE WOULD NOT BE SUFFICIENT SKILLED LABOR AVAILABLE, AND SKILLED WORKERS AND TECHNICIANS WOULD HAVE TO BE BROUGHT IN. HE SAID THAT ARAB FUND HOPES THAT SUDANESE THEMSELVES WILL ULTIMATELY MANAGE THE VARIOUS PROJECTS AND COMPANIES.

6. COMMENT: GIVEN MAMMOTH SCOPE OF ARAB FUND/SUDAN PROGRAM IT MAY BE TOO EARLY TO PREDICT HOW SUCCESSFUL IT WILL BE. HOWEVER, ARAB FUND AND APPARENTLY GOS SEEM TO BE NOT ONLY COMMITTED BUT BASICALLY OPTIMISTIC ABOUT PROGRAM. IF IT IS SUCCESSFUL, IT WILL TRANSFORM SUDAN INTO A MAJOR FOOD SURPLUS COUNTRY, AND AS NOTED ABOVE AFFECT LABOR PATTERNS WITHIN SUDAN AND BEYOND ITS BORDERS AS WELL. EMBOFF URGED ARAB FUND OFFICIAL TO KEEP US FIRMS AND INSTITUTIONS IN MIND AS SOURCE OF EXPERTISE THAT WILL BE NEEDED. AGREEING THAT AGRICULTURE AND AGRIBUSINESS MOST HIGHLY DEVELOPED IN US, OFFICIAL (WHO IS MARRIED TO AMERICAN AND FRIENDLY TO US) SAID HE FELT IT PREMATURE FOR THOSE INVOLVED WITH PROGRAM TO SEEK DIRECTLY CONTACT WITH US INSTITUTIONS, INCLUDING USDA, AT THIS TIME. EVENTUALLY, HOWEVER, IT LIKELY TO OCCUR. MEANWHILE, UNDP INVOLVED THROUGH ITS RELATIONSHIP LIMITED OFFICIAL USE

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WITH ARAB FUND AND OTHER AGENCIES SUCH AS IBRD AND FAO BECOMING INVOLVED ALSO. FROM OUR VANTAGE POINT IN KUWAIT APPEARS THAT ARAB FUND/SUDAN AGRICULTURAL PROGRAM COULD BE OF TREMENDOUS IMPORTANCE AND THAT IT WORTH CONTINUED MONITORING BY USG.
MAU

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